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FISCAL IMPACT STATEMENT

LS 6655

BILL NUMBER: SB 169

NOTE PREPARED: Feb 15, 2008

BILL AMENDED: Feb 14, 2008

SUBJECT: Health Insurance Reports.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR: Rep. Orentlicher

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Department of State Revenue to report to the Health Finance Commission specified information concerning the Health Benefit Plan Tax Credit. It requires the Office of the Secretary of Family and Social Services to report to the Health Finance Commission certain information regarding the Indiana check-up plan. The bill establishes a Single Payer Health Coverage Commission to evaluate and make recommendations before December 1, 2008, concerning implementation of a Single Payer Health Coverage System in Indiana.

Effective Date: July 1, 2008.

Explanation of State Expenditures: (Revised) *Department of State Revenue (DOR)* - The bill requires the DOR to submit an electronic report to the Health Finance Commission no later than September 1st of each year. The report is to include the following information regarding the Health Benefit Tax Credit:

- (1) The number of taxpayers that have taken the first year credit and the second year credit in the previous taxable year.
- (2) The amount of each credit taken.
- (3) The amount of any carryover credit.

Additionally, the report is required to include any credit taken against the Insurance Premiums Tax which the DOR may get from the Department of Insurance (DOI). The DOR's current level of resources should be sufficient to implement this requirement. The state vacant position report for February 14, 2008, indicates that the DOR had 121 vacant full-time positions.

Family and Social Services Administration (FSSA) - The bill requires the FSSA to report the following information to the Health Finance Commission in regard to the Indiana Check-Up Plan:

- (1) An update on the implementation of the program.
- (2) The number of individuals who have applied for the program.
- (3) The number of individuals participating in the program and their federal income level.

The FSSA's current level of resources should be sufficient to implement this requirement. The state vacant position report for February 14, 2008, indicates that the FSSA had 184 vacant full-time positions.

The bill's provisions are in effect until December 31, 2010.

Background- Under current law, the Health Benefit Tax Credit may be claimed against a taxpayer's state tax liability if the taxpayer makes health insurance available to the eligible taxpayer's employees and their dependents through at least one health benefit plan. The credit may be claimed for two years only if the following requirements are met:

- (1) An employee's participation in the health benefit plan is at the employee's election.
- (2) If an employee chooses to participate in the health benefit plan, they may pay their share of the cost of the plan using a wage assignment.

The credit is equal to the lesser of \$2,500 or \$50 multiplied by the number of employees enrolled in the health benefit plan during the taxable year.

(Revised) Single Payer Health Coverage Commission (Commission) - The bill establishes the Commission which is to consist of the following members:

- 1) 4 members appointed by the Speaker of the House of Representatives, not more than 2 of whom may be members of the same political party.
- 2) 4 members appointed by the President Pro Tempore of the Senate, not more than 2 of whom may be members of the same political party.
- 3) 4 members appointed by the Governor, not more than 2 of whom may be members of the same political party.

The members shall be from different regions of Indiana, including:

- 1) 1 member who has health insurance expertise.
- 2) 1 member who is a health care provider.
- 3) 1 member who is a human resources representative in business or government.
- 4) 1 member who is a consumer with health insurance knowledge.

A member of the General Assembly may not be appointed. Each member of the Commission is entitled to reimbursement for traveling expenses. Each member who is not a state employee is entitled to a salary per diem. The Department of Insurance and the Department of Health shall staff the Commission. The expenses of the Commission shall be paid by the Department of Insurance.

The Commission is required to do the following and report their findings to the Governor and the General Assembly by December 1, 2008:

- 1) Compile, review, and evaluate information concerning models of a single payer health coverage system that exists in another state or country.
- 2) Compile, review, and evaluate data demonstrating success, failure, problems and solutions to problems with regard to each single payer health coverage system that exists in another state or country.
- 3) Make a recommendation for a variety of possibilities, and the strengths and weaknesses of each possibility, for implementation of a single payer health coverage system to provide health coverage for every Indiana resident. The recommendation should include dedicated sources of funding.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

For FY 2007, DOI reverted \$25 in state General Fund revenue.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue, Department of Insurance, Department of Health, Family and Social Services Administration, Health Finance Commission.

Local Agencies Affected:

Information Sources: DOI.

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